

Altalis Capital Management LLC

January 25, 2018

This *brochure* provides information about the qualifications and business practices of Altalis Capital Management LLC (the “Adviser”). If you have any questions about the contents of this *brochure*, please contact us at (212) 554-2727. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any *state securities authority*.

Additional information about Altalis Capital Management LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 4. Advisory Business

Altalis Capital Management LLC (the Adviser”) is an investment adviser with its principal place of business in New York, NY. The Adviser commenced operations as an investment adviser on March 1, 2013 and has been registered with the SEC since February 2014. Samuel Elder and Adam Fox are the Managing Members of the Adviser. There are no other Members of the Adviser.

The Adviser provides investment advisory services on a discretionary basis to clients that are private investment funds (each a “Fund” and collectively, the Funds”) intended for institutional investors and other sophisticated investors. The Adviser also provides investment advisory services on a discretionary basis to a segregated portfolio company (the “SPC”), and acts as a sub-adviser to an Undertakings Collective Investment in Transferable Securities management company (the “UCIT”).

The Adviser provides advice to client accounts based on specific investment objectives and strategies as set forth in the Funds’ offering documents. The Adviser does not tailor advisory services to the individual needs of clients.

Clients may not impose restrictions on investing in certain securities or certain types of securities.

The Adviser does not participate in wrap fee programs.

As of December 31, 2017, the Adviser had \$251,961,118 in regulatory assets under management on a discretionary basis and \$0 on a non-discretionary basis.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation

Asset-Based Compensation

The Adviser charges each client account an investment management fee ranging from 1% to 1.5% per annum based on the value of the client account's assets under management. Asset-based fees are generally charged quarterly in advance based on the value of the relevant assets as of the first day of the quarter, or charged quarterly in arrears based on the value of the relevant assets as of the last day of each month. If the Adviser does not manage a client account for a full quarter, the asset-based fee charged to such client account will be pro-rated for such period, and prepaid unearned fees, if any, will be promptly refunded.

Investment management fees for the Fund are charged each quarter in advance based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. Investment management fees for the SPC and the UCIT are generally charged each quarter in arrears based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of each calendar month. If a new client account is established during a quarter, an underlying investor makes an addition to its account in the Fund during a quarter, or the SPC or the UCIT sponsor makes a contribution to its account during the quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution by the underlying investor or the SPC or the UCIT sponsor, based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter.

These fees are not negotiable.

Performance-Based Compensation

The Adviser will receive, on an annual basis, performance-based compensation, which is based on a share of capital gains on, or capital appreciation of, the assets of a client (such as a client that is a hedge fund, other pooled investment vehicle, the SPC, or the UCIT). This compensation may be paid to the Adviser or to a related person of the Adviser and ranges from 12.5% to 20%. Under certain circumstances, receipt of performance-based compensation may be subject to a hurdle rate ranging from the sum of 3M USD Libor per annum and 1% per annum to the sum of 3M Euribor per annum and 1% per annum.

These fees are not negotiable.

B. Payment of Fees

For a client that is a hedge fund or other pooled investment vehicle, the Adviser deducts the investment management fee from client accounts. For a client that is a hedge fund or pooled investment vehicle, performance-based compensation is paid as a reallocation of net profits. For the SPC and the UCIT, the investment management fee is paid by the SPC and the UCIT, respectively. Performance-based fee paid by the SPC and the UCIT is paid as a fee.

C. Other Fees and Expenses

In addition to paying investment management fees and, if applicable, performance-based compensation, client accounts will also be subject to other investment expenses such as legal, compliance, audit and accounting expenses (including fees and expenses associated with the applicable client's representation, paying agency and other distribution items in Switzerland); organizational expenses; administrator fees and expenses; shareholder proxy voting services; investment expenses such as commissions, research fees and expenses; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; certain insurance costs (including D&O and errors & omissions insurance costs, if any); and any other expenses reasonably related to the purchase, sale or transmittal of assets. For client assets that are invested in a master-feeder structure, feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, clients will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

Clients that are hedge funds or other pooled investment vehicles are required to pay the Adviser's management fees in advance on a quarterly basis. The SPC and the UCIT are required to pay the Adviser's management fees in arrears on a quarterly basis.

The client will obtain a refund of a pre-paid fee in the following manner if the advisory contract is terminated or a withdrawal is made from the account before the end of a billing period: To the extent that there are any withdrawals during a quarter, the Adviser will refund pre-paid management fees on a pro-rata basis based on the amount of withdrawals.

The Adviser will determine the amount of the relevant refund in the following manner: The refund will be a pro-rata amount of the quarterly pre-paid management fee, determined as a ratio whereas the numerator will represent the amount withdrawn during the quarter, and whereas the denominator will equal the account value as of the beginning of such quarter, also calculated on a pro-rata basis for the number of days during the respective quarter that the aforementioned withdrawal was made).

Item 6. Performance-Based Fees and Side-by-Side Management

The Adviser and its investment personnel provide investment management services to multiple clients. The Adviser is paid performance-based compensation by its private pooled investment vehicle clients, the SPC, and the UCIT.

The Adviser manages multiple client amounts. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including amounts with different fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and automatically calculated by the order management system, and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of Clients

The Adviser's clients consist of pooled investment vehicles, the SPC, and the UCIT.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The Adviser utilizes a globally diversified approach that primarily relies on a fundamental, data-driven process to generate both long and short investments. The Adviser's core investment universe is in North American equities, across all sectors. The Adviser may also invest in non-North American equities or non-equity strategies on an opportunistic basis. While the Adviser has a broad mandate which allows for the investment in credit and other instruments, it is generally expected that non-equity investments and investments outside North America, combined, will generally constitute less than 20% of the portfolio.

The Adviser employs the following investment strategies:

Equity. The Adviser's equity strategy primarily focuses on a value investment style, based on fundamental research. Client accounts focus primarily on mid- and large-cap investments, although it may also invest in small-cap investments. In addition, the Adviser manages client accounts that are primarily invested in North America, but which may also be invested globally.

Fundamental Value. The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

Short Selling. The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

Credit. The Adviser engages in credit related strategies, which typically involve the purchase or sale of fixed income securities issued by corporate entities. The Adviser also engages in the purchasing of credit default swaps on underlying corporate or sovereign issuances.

Hedging. The Adviser utilizes a variety of financial instruments such as derivatives, options, interest rate swaps, and futures and forward contracts for risk management purposes.

Leverage. The Adviser's investment program utilizes a certain amount of leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

Option Trading. The Adviser may engage in various option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in both put and call option trading strategies.

These strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes

in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies, withholding or other taxes, trading, settlement, custodial, and other operational risks, and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Short Selling Risk. The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Lack of Diversification. Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Commodity Futures and Options. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Leverage. Performance may be more volatile if a client's account employs leverage.

Arbitrage Transaction Risks. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolio than if the Adviser did not engage in any such hedging transactions.

Derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Distressed Securities. Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Fixed-Income and Debt Securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolio to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or when negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Risk Arbitrage Securities. A merger, other restructuring, tender, or exchange offer proposed at the time the Adviser invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, the Adviser's investments in futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Each investment vehicle for which the Adviser or its related person serves as general partner or investment manager has and/or may in the future enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the investment vehicle. For example, such terms and conditions may provide for rights to receive notification of specified events and/or rights to receive additional portfolio information. The modifications are solely at the discretion of the Adviser and may, among other things, be based on the size of the investor’s investment in the investment vehicle, an agreement by an investor to maintain such investment for a significant period of time, or other similar commitment by an investor.

Item 11. Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser, including its employees, to put the interests of the Adviser’s clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code’s Table of Contents by contacting Peter Streinger (Chief Compliance Officer) by email at pstreinger@altaliscapital.com, or by telephone at 212-554-2727. See below for further provisions of the Code as they relate to the pre clearing and reporting of securities transactions by related persons. Under the Adviser’s Code of Ethics, employees (including each employee’s spouse, minor children, and any relative or any other person to whose support the employee materially contributes or receives) may not trade for their own personal account, except for certain permitted instruments (typically instruments that the Adviser does not trade on behalf of its clients).

The Adviser, in the course of its investment management and other activities may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Item 12. Brokerage Practices

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution, and quality of research provided. The Adviser holds an internal "broker vote" several times a year, where members of the Adviser's research team rank the quality of the brokers based on certain criteria, such as the items noted above in this paragraph. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser has established a "brokerage committee" which includes the Chief Compliance Officer. The brokerage committee meets regularly as needed to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors. The Adviser does not have a dedicated execution trader; all trades are executed by the Adviser's portfolio managers.

The Adviser receives research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services, to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer reviews and evaluates the soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion. The Adviser's Chief Compliance Officer must approve all soft dollar expenditures.

The use of client commissions to obtain research and brokerage products and services raises conflicts of interest. For example, by using client commissions, the Adviser will not have to use its own resources to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

The Adviser may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits, resulting in higher transaction costs for clients.

During the Adviser's last fiscal year, as a result of client brokerage commissions, the Adviser and/or its related persons acquired research material, market data services and brokerage services. In determining whether to direct client brokerage transactions to particular broker-dealers, the Adviser's Chief Compliance Officer and portfolio managers meet regularly to review and evaluate the soft dollar practices of the Adviser and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

The Adviser may enter into "client commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. If the Adviser uses such arrangements, the Adviser will exclude those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

In some instances, the Adviser obtains a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser makes a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination is made based on the estimated use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund, the SPC or the UCIT managed by the Adviser, or which recommend the private funds as an investment to their clients. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser or affording the Adviser with the opportunity to participate in capital introduction programs.

Since the Adviser's orders are placed for the benefit of multiple accounts (through a master/feeder structure, the SPC, or the UCIT) orders are generally aggregated so as to enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

Item 13. Review of Accounts

The accounts managed by the Adviser are reviewed by the Adviser's portfolio managers on a daily basis to determine whether security positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, sizing of specific securities held, adherence to investment guidelines and the performance of each client account. In addition to the review performed by the Adviser's portfolio manager, the Adviser's Chief Operating Officer also performs a daily review in order to ascertain that the investment portfolio is within the investment guidelines established for the account.

A client's investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client. The sponsors of the SPC and the UCIT also receive daily reports from the Adviser.

Item 14. Client Referrals and Other Compensation

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

The Adviser does not make any payments to third-party solicitors for client referrals.

Item 15. Custody

The Adviser and its affiliate are deemed to have custody of the Funds' assets and intend to comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the "Pooled Vehicle Annual Audit Exception". Such rule requires that each Fund be subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are required to be prepared in accordance with generally accepted accounting principles in the U.S., and distributed to each Fund investor within 120 days of the applicable Fund's fiscal year end.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

The Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

In voting proxies, the Adviser utilizes the services of a third-party proxy agent that votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated) and selection of auditors, and generally votes against proposals that make it more difficult to replace members of a board of directors.

The Adviser's clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its client's investments.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Peter Streinger (Chief Compliance Officer) by email at pstreinger@altaliscapital.com or by telephone at 212-554-2727.

Item 18. Financial Information

This Item is not applicable.

Item 19. Requirements for State-Registered Advisers

This Item is not applicable.

Appendix: Item 2. Material Changes

There have been no material changes made to this brochure since the Adviser's last annual update, which was filed on March 7, 2017, however the Adviser has made some routine updates and clarifying changes to this brochure.

